

Title 20--DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS
AND PROFESSIONAL REGISTRATION
Division 500--Property and Casualty
Chapter 7—Title

EMERGENCY RULE

20 CSR 500-7.050 Disclosure of Premiums and Charges.

PURPOSE: This rule implements the disclosure of material price information pursuant to sections 381.019 and 375.144, RSMo.

EMERGENCY STATEMENT: This emergency rule outlines the requirements for premium and charge disclosures as required in section 381.019, Senate Bill 66, Laws 2007. This emergency rule is necessary to preserve the public welfare of Missouri citizens by ensuring that the public, title insurers, title agencies and title agents understand the disclosure requirements as outlined in Senate Bill 66, Laws 2007. Between July 2007 and the present, the department has met with title agents, most of whom represented small businesses, to discuss how to best implement the new disclosure requirements in Senate Bill 66, Laws 2007. The relevant portions of Senate Bill 66 take effect on January 1, 2008, and the industry has expressed to the department that it requires further guidance on how it is expected to comply. As a result, the Missouri Department of Insurance, Financial Institutions and Professional Registration finds an immediate danger to the public welfare and a compelling governmental interest, which requires emergency action. The scope of this emergency rule is limited to the conditions creating the emergency and complies with the protections extended in the Missouri and United States Constitutions. In developing this emergency rule, representatives of the insurance industry were consulted. The department believes this emergency rule is fair to all interested persons and parties under the circumstances. This emergency rule was filed on January 16, 2008, effective January 28, 2008, and expires July 14, 2008.

(1) Disclosure with Price Estimate.

(A) When a prospective purchaser of title insurance or other party to the residential real estate transaction contacts a title insurer, title agency or title agent for a price estimate, the following must be disclosed:

1. Title insurance premium as calculated based upon the filed title insurance risk rate(s);
2. Closing protection fee as calculated based upon the filed closing protection rate;
3. Title service charges, including, but not limited to, abstracts, search and examination fees; and
4. Closing or settlement charges.

(B) The above items may be disclosed orally or in writing.

(C) If the above prices are disclosed, the amount may also be totaled.

(D) Upon further inquiry or request by a prospective purchaser of title insurance or other party to the residential real estate transaction for explanation, the title insurer, title

agency or title agent shall disclose that title premium and closing protection fee are determined by rate schedules filed with the state, but the title service charges, closing charges and other charges are not filed with the state and may vary between different title insurers, agencies and agents.

(E) If the title insurer, title agency or title agent discloses the above information in writing when giving a price estimate, the following disclosure statement (Form T-1), or a statement that substantially comports with the following, is acceptable:

Title Insurance Premium and Title Service Charge Disclosure Statement

To: _____

Based upon the information available to us at this time, we estimate that you will pay as part of your residential real estate transaction the following premiums, charges and/or fees:

- 1) title insurance premium: _____
- 2) closing protection fee(s): _____
- 3) title service charge(s) (i.e. search and examination, clearing items, etc.): _____
- 4) closing charge(s): _____

Title insurance premium and a closing protection fee have been calculated according to rates filed with the Missouri department of insurance, financial institutions and professional registration. But title service charges, closing charges and other fees are not limited by state law and may vary among title insurers, agencies and agents.

For further general information regarding title insurance, you may visit the Missouri Insurance website at www.insurance.mo.gov or call the Missouri Department of Insurance, Financial Institutions and Professional Registration at (800) 726-7390.

Date

Title Agent

(2) Disclosure at a Residential Real Estate Closing. Title insurance premium, fee and charge disclosure at the closing of a residential real estate transaction shall be made in the following manner:

(A) Closings that involve use of a HUD-1 form.

- 1. Premium should be the only amount totaled on the "Title Insurance" line, usually line 1108. If multiple title insurance policies are reflected in the "Title Insurance" line, the premium amounts associated with each title insurance policy shall be distinguished on the HUD-1 form on a line other than the "Title Insurance" line.
- 2. Other charges, including but not limited to, the closing protection fee, abstract or title search and examination fees, escrow, settlement or closing

fees, or other associated charges or fees shall be listed on lines other than the "Title Insurance" line.

(B) Closings that do not require use of a HUD-1 form.

Disclosure shall be made on a disclosure form in substantially the same format as the form set forth in section (1)(E) of this rule, but with final price detail and an acknowledgement of receipt by the purchaser.

(3) Misleading or Confusing Terms in Marketing Materials.

(A) Title insurers, title agencies and title agents shall not use the terms "rate", "card rate", "premium" or other terms of similar import in marketing materials to describe an all-inclusive title insurance price, which aggregates both:

1. Premium, and
2. Charges that may be negotiable in the particular transaction.

(B) The total amount in subparagraph (1)(c) of this rule may be described in terms which convey both premium and charges, such as "total cost for title insurance and services" or "total cost for title insurance and charges."

*AUTHORITY: Sections 374.045, 381.042, 381.118, RSMo (Supp. 2007). Emergency Rule Filed January 16, 2008, effective January 28, 2008 and expires July 14, 2008. A proposed rule covering this same material is published in this issue of the **Missouri Register**.*